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Ms. Eileen A. Donovan
Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

OFC. OF THE SECRETARIAT

Reference File # 2724.01
Rule Certification

Dear Ms. Donovan:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT[®]) hereby submits the following:

- **Amendments to Regulation 519.01 and deletion of Regulations 519.03 and 519.06 per the attached texts (additions underlined; deletions struck through).**

The referenced regulations specify enforcement provisions with respect to the submission of Computerized Trade Reconstruction (CTR) data (e.g., time bracketing trades, time stamping orders, etc.). The referenced amendments will streamline these provisions in the following ways:

- Eliminate the CTR Subcommittee and re-assign its responsibilities to the Floor Governors and Business Conduct Committees;
- Categorize all penalties for CTR violations of \$5,000 or less as summary, minor penalties. (The current threshold for this definition is \$1,000 or less.) Such penalties may be appealed to the Committee that issues the summary penalty, but any decision of the Committee following such an appeal hearing shall be final and may not be appealed further. Should the conduct in question warrant a fine in excess of \$5,000, preliminary charges will be issued and the full process that allows for a hearing before the Hearing Committee and, in the event of an adverse decision, an appeal to the Appellate Committee, will be available to the respondent. As redefined, minor penalties for CTR violations will conform with the minor penalty definitions currently in effect for other types of violations under the jurisdiction of the Floor Governors, Business Conduct and Floor Conduct Committees; and

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- Eliminate Regulations 519.03 and 519.06, which are redundant.

The CBOT intends to implement these amendments as of October 3, 2006.

There were no opposing views concerning these amendments.

The CBOT certifies that these amendments conform with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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519.01 Committee Procedure

(a) ~~FLOOR CONDUCT COMMITTEE~~: Floor Conduct Committee

(i) The Floor Conduct Committee may impose minor penalties against members for decorum offenses committed by such members or by any person or persons for whom such members are responsible. The Floor Conduct Committee may impose minor penalties for the offenses set forth in Regulation 520.00A. Minor penalties for the purpose of this Regulation shall be defined as a warning, fines not exceeding \$5,000 for any one offense and/or access denial not to exceed five days. A respondent may request a hearing by filing a written request for a hearing with the Exchange Services Department within ten (10) business days after the penalty is imposed; the Floor Conduct Committee shall hear the matter in accordance with Regulation 540.02 through 540.05. The decision of the Floor Conduct Committee may be appealed to the Appellate Committee as provided in Regulation 519.02(d). Failure to request a hearing shall be deemed a consent to the warning or fine. Unless a hearing is requested, if a fine is not paid within thirty (30) days after it was due, the Floor Conduct Committee may, without hearing, revoke the badge or suspend the floor privileges of a floor clerk for whose conduct the fine was imposed.

(ii) The Floor Conduct Committee pursuant to this Regulation may impose minor penalties for disorderly conduct, intentional physical abuse, sexual harassment and the use of profane or obscene language. The Floor Conduct Committee, in its discretion, may impose a fine not to exceed \$5,000, in addition to any access denial, for any violation within its jurisdiction regardless of the number of the offense.

(iii) Any member or individual with floor access privileges who has received a Floor Conduct Committee Notice of Rule(s) Violation ("ticket") for a decorum offense of Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language and, during the same trading session, engages in a further Rule or Regulation violation relating to Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language may, in addition to other sanctions (including, but not limited to, fines, suspensions and expulsions imposed by the Exchange pursuant to the Rules and Regulations) be immediately and summarily removed from the Exchange trading floor and denied trading floor access for the remainder of the trading session pursuant to the following procedures:

(1) Certification by the Chairman of the Pit Committee (or, in the Chairman's absence, by a Vice Chairman of the Pit Committee) that the individual has continued to engage in Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language after having previously received a Floor Conduct Committee Notice of Rule (s) Violation ("ticket") for the same offense in the same trading session; and

(2) Approval of such summary action by a member of the Floor Governors Committee and a member of the Board of Directors or by two members of the Board of Directors, provided that no individual granting such approval shall have been involved in the altercation.

Additionally, should the first such offense be of such a serious nature, the individual similarly may be denied trading floor access for the duration of the trading session pursuant to the above procedure.

(b) CTR SUBCOMMITTEE: Floor Governors Committee and Business Conduct Committee

(i) ~~— The Chairman of the Business Conduct Committee and the Chairman of the Floor Governors Committee may each appoint at least two members of their respective Committees to serve on a joint CTR Subcommittee. The CTR Subcommittee shall, by a majority vote, elect a Chairman. The CTR Subcommittee shall address violations involving the accurate and complete maintenance of books and records, including errors or omissions in the submission of Computerized Trade Reconstruction Data. In fulfilling its responsibilities, the CTR Subcommittee shall have the same authority granted to the Business Conduct Committee and the Floor Governors Committee in Rules 542.00 and 543.00, respectively, to issue preliminary charges and to conduct hearings with regard to specified penalties, and shall have the same authority granted to such Committees to impose penalties pursuant to settlement agreements in accordance with Regulation 540.09. —~~

(ii) The CTR Subcommittee Floor Governors Committee or the Business Conduct Committee, as applicable, may, without hearing, impose summary minor penalties against members or member firms for violations of Regulations 332.02, 332.04, 332.041, 332.05, 332.06, 332.07, 332.08 or 332.09, that are within the jurisdiction of either the Floor Governors Committee or the Business Conduct Committee. Minor penalties for the purpose of this subparagraph shall be defined as fines not exceeding \$1,000 5,000 for any one offense.

(iii) ~~— Following is the schedule of minor penalties the CTR Subcommittee may impose pursuant to subparagraph (ii); however, this schedule is non-binding, and the CTR Subcommittee, in its discretion, may impose a fine not to exceed \$1,000 for any violation within its jurisdiction regardless of the number of the offense:~~

ERRORS OR OMISSIONS IN BRACKETING TRADES:	1st Offense	\$ 100 fine
	2nd Offense	\$ 250 fine
	3rd Offense	\$ 500 fine
	4th Offense	\$1,000 fine
ERRORS OR OMISSIONS IN SUBMISSION OF COMPUTERIZED TRADE RECONSTRUCTION DATA:	1st Offense	\$ 100 fine
	2nd Offense	\$ 250 fine
	3rd Offense	\$ 500 fine
	4th Offense	\$1,000 fine

(ii) The Floor Governors Committee may, without hearing, impose summary minor penalties against members for intra-association ~~or contiguous association~~ trading in excess of the percentages permitted by the Board pursuant to Regulation 330.03. Minor penalties for the purpose of this subparagraph shall be defined as fines not exceeding \$5,000 for any one offense.

~~(iv) Following is the schedule of minor penalties the Floor Governors Committee may impose pursuant to subparagraph (iii); however, this schedule is non-binding, and the Floor Governors Committee, in its discretion, may impose a fine not to exceed \$5,000 for any violation within its jurisdiction regardless of the number of the offense.~~

1st Offense	\$ 500 fine
2nd Offense within 24 months	\$1,000 fine
3rd Offense within 24 months	\$2,500 fine
Any subsequent offense within 24 months	\$5,000 fine

~~(vi) At the time of an offense of the type set forth in subparagraphs (iii) or as soon thereafter as practical, a representative of the Office of Investigations and Audits, shall upon the authorization of one member of the Floor Governors Committee, issue a ticket to the offender notifying the member or member firm that the Floor Governors Committee may impose a summary penalty in accordance with this regulation or may issue charges against the member or member firm and impose penalties as authorized in Rule 543.00. A representative of the Office of Investigations and Audits shall submit a copy of the ticket to the Floor Governors Committee. The Committee shall then determine whether to summarily impose a minor penalty or to issue charges. The Committee shall also have the authority to summarily impose minor penalties or to issue charges for the types of offenses set forth in subparagraph (iii) on the basis of reports presented to the Committee by the Office of Investigations and Audits.~~

~~(vii) A respondent may request an appeal of a minor penalty by filing a written request for a hearing with the Office of Investigations and Audits within ten (10) business days after the penalty is imposed. The CTR Subcommittee shall hear the matter and its decision shall be final and may not be appealed. Failure to request a hearing shall be deemed a consent to the fine.~~

(viii) Whenever the CTR Subcommittee Floor Governors Committee or the Business Conduct Committee summarily imposes a minor penalty against a member or member firm, the member or member firm shall be given written notification of the penalty. The notice shall inform the member or member firm of the right to appeal the penalty to the CTR Subcommittee Floor Governors Committee or the Business Conduct Committee, as applicable, and the consequences of a failure to pay a fine if no hearing is requested.

(iv) A respondent may request an appeal of a summary minor penalty by filing a written request for a hearing with the Office of Investigations and Audits within ten (10) business days after the penalty is imposed. The Floor Governors Committee or the Business Conduct Committee, as applicable, shall hear the matter and its decision shall be final and may not be appealed. Failure to request a hearing shall be deemed a consent to the fine.

(vi) Nothing contained herein shall be construed to limit or restrict the powers and authority of the Business Conduct Committee or the Floor Governors Committee to issue charges against a member or member firm and impose penalties as authorized in Rules 542.00 or 543.00 respectively, for the types of violations specified in this paragraph (b).

~~519.03 Bracketing Violations~~

~~The Floor Governors Committee may levy fines for violations of Regulation 332.02, pertaining to the recording of bracket data, in accordance with the Summary Procedures as provided in Regulation 519.01(b).~~

~~519.06 Submission of Computerized Trade Reconstruction Data~~

~~The Floor Governors Committee may levy fines for violations of Regulation 545.02, 332.04, 332.041, 332.05, 332.06, 332.07, 332.08, and 332.09, pertaining to the accurate and complete maintenance of books and records, including the submission of Computerized Trade Reconstruction data, in accordance with the Summary Procedures as provided in Regulation 519.01(b).~~